

## INFORMATION TECHNOLOGY FUND

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### PURPOSE OF THE FUND

The Information Technology (IT) Fund is an intragovernmental revolving fund that finances, on a reimbursable basis, the expenses of providing information technology resources to Federal agencies for promoting use of the latest technology to deliver services, and for the efficient management, coordination, operation, and use of such resources.

Costs incurred by the fund are recovered by billing customers (including GSA offices) for goods and services. Levels of funding for investment capital and for operating capital are established by Office of Management and Budget (OMB) approval of a cost and capital requirements plan submitted by GSA, pursuant to section 110(a)(1) of the Federal Property and Administrative Services Act of 1949, as amended by Pub. L. 99-591. Following the close of each fiscal year, net earnings in excess of the authorized capital requirements amount are returned and deposited into the miscellaneous receipts account of the Treasury.

### AUTHORIZATION OF THE FUND

The IT Fund was authorized by the Paperwork Reduction Reauthorization Act of 1986, as included in sec. 821(a)(1) of Pub. L. 99-500 and 99-591. It was established as of January 1, 1987, and consists of the assets, liabilities, and capital of the former Federal Telecommunications Fund and Automatic Data Processing Fund.

### HISTORY OF THE FUND

The IT Fund was created by Pub. L. 99-591 by merging the former Automatic Data Processing (ADP) and Federal Telecommunications (FT) Funds, reflecting the increased convergence of automatic data processing and telecommunications technologies. Digests of the ADP and FT Funds follow this section for continuity.

The IT Fund is administered by the Information Resources Management Service (IRMS), and reimbursably provides to Government agencies a variety of information resources technology services that specifically benefit from central agency management.

Under conditions of the authorizing legislation, and with the further approval of OMB, the IT Fund may retain up to \$214 million of annual net gains to support the following capital needs: a temporary capital reserve of \$109 million to assist in the conversion from the current Federal Telecommunication System (FTS) network to the FTS 2000 program; a permanent capital reserve of \$40 million for working capital; and a temporary \$65 million reserve for contingencies.

### DESCRIPTION OF BUDGETARY ACTIVITIES

The IT Fund has the following activities:

1. Network Services. This program/business line enables the Federal Technology Service (FTS) to provide its customers with end-to-end telecommunications services. Also included are several Information Technology (IT) applications initiatives approved by the Interagency Management Council that ensure deployment of state-of-the-art technologies throughout the Government.

a. FTS2000 Long Distance. This program provides long-distance telecommunications services to more than 1.7 million users through two ten-year multi-billion dollar FTS2000 contracts. As the contracts expire, GSA has developed a Post-FTS2000 Program Strategy, or FTS2001, that will provide innovative telecommunications service well into the 21<sup>st</sup> Century.

b. Regional Telecommunications Services. This activity provides nationwide consolidated local telecommunications service, aggregated access to FTS2000, and competitively-procured contracts for equipment maintenance and services.

2. IT Solutions. The IT Solutions business line helps agencies acquire, manage, integrate, and use technology resources and protect the security of Federal information on-line. Major programs include Information Security, Federal Information Systems Support Program (FISSP), Federal Systems Integration and Management Center (FEDSIM), Federal Computer Acquisition Center (FEDCAC), and Federal Acquisition Services for Technology (FAST).

### AUTHORIZING LANGUAGE

As provided by section 110 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 757), as amended by sec. 821(a)(1) of Pub. L. 99-591 of October 30, 1986:

"Section 110(a)(1) There is established on the books of the Treasury an Information Technology Fund (hereinafter referred to as the 'Fund'), which shall be available without fiscal year limitation. There are authorized to be appropriated to the Fund such sums as may be required. For purposes of subsection (b), the Fund shall consist of--

"(A) the capital and assets of the Federal telecommunications fund established under this section (as in effect on December 31, 1986), which are in such fund on January 1, 1987;

"(B) the capital and assets which are in the automatic data processing fund established under section 111 of this Act (as in effect on December 31, 1986) which are in such fund on January 1, 1987; and

"(C) the supplies and equipment transferred to the Administrator under sections 111 and 205(f) of this Act, subject to any liabilities assumed with respect to such supplies and equipment.

"(2) The Administrator shall determine the cost and capital requirements of the Fund for each fiscal year and shall submit plans concerning such requirements and such other information as may be requested for the review and approval of the Director of the Office of Management and Budget. Any change to the cost and capital requirements of the Fund for a fiscal year shall be made in the same manner as provided by this section for the initial fiscal year determination. If approved by the Director, the Administrator shall establish rates to be charged agencies provided, or to be provided, information technology resources through the Fund consistent with such approvals. Such cost and capital requirements may include funds--

"(A) needed for the purchase (if the Administrator has determined that purchase is the least costly alternative of information processing and transmission equipment, software, systems, and operating facilities necessary for the provision of such services;

"(B) resulting from operation of the Fund, including the net proceeds of disposal of excess or surplus personal property and receipts from carriers and others for loss or damage to property; and

"(C) which are appropriated, authorized to be transferred, or otherwise made available to the Fund.

"(b) The Fund shall--

"(1) assume all of the liabilities, obligations and commitments of the funds described in subparagraphs (A) and (B) of subsection (a)(1); and

"(2) be available for expenses, including personal services and other costs, and for procurement (by lease, purchase, transfer, or otherwise) for efficiently providing information technology resources to Federal agencies and for the efficient management, coordination, operation, and utilization of such resources.

"(c)(1) In the operation of the Fund, the Administrator is authorized to enter into multiyear contracts for the provision of information technology hardware, software, or services for periods not to exceed five years, if--

"(A) funds are available and adequate for payment of the costs for such contract for the first fiscal year and any costs of cancellation or termination;

"(B) such contract is awarded on a fully competitive basis; and

"(C) the Administrator determines that--

"(i) the need for the information technology hardware, software, or services being provided will continue over the period of the contract;

"(ii) the use of the multiyear contract will yield substantial cost savings when compared with other methods of providing the necessary resources; and

"(iii) such a method of contracting will not exclude small business participation.

"(2) Any cancellation costs incurred with respect to a contract entered into under the subsection shall be paid from currently available funds in the Fund.

"(3) This subsection shall not be construed to limit the authorities of the Administrator to procure equipment and services under section 201 of this Act.

"(d) Following the close of each fiscal year, the uncommitted balance of any funds remaining in the Fund, after making provision for anticipated operating needs as determined by the Office of Management and Budget, shall be transferred to the general fund of the Treasury as miscellaneous receipts.

"(e) A report on the operation of the Fund shall be made annually by the Administrator to the Director of the Office of Management and Budget. Such report shall identify any proposed increases to the capital of the Fund and shall include a report on information processing equipment inventory, utilization, and acquisition.

"(f) For purposes of this section, the term 'information technology resources' includes any service or equipment which had been acquired or provided under this section or section 111 of this Act, including other information processing and transmission equipment, software, systems, operating facilities, supplies, and services related thereto, and maintenance and repair thereof."

#### APPROPRIATION LANGUAGE

No appropriations for capital or other purposes have been made to the IT Fund. See the sections that follow on the ADP and FT Funds for appropriations to those accounts.

#### PROGRAM COST BY BUDGETARY ACTIVITIES \$(Thousands)

|                          | <u>1987</u> | <u>1988</u>  | <u>1989</u> | <u>1990</u> | <u>1991</u> | <u>1992</u> | <u>1993</u> | <u>1994</u> |
|--------------------------|-------------|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Intercity Services       | 496,622     | 415,673  |             |             |             |             |             |             |
| Local Telecommunications | 191,174     | 199,044  |             |             |             |             |             |             |
| Electronic Services      | 30,002      | <u>1</u> / <td>--</td> <td>--</td> <td>--</td> <td>--</td> <td>--</td> <td>--</td> | --          | --          | --          | --          | --          | --          |
| Info. Security Mgmt      | --          | 27,848   |             |             |             |             |             |             |
| N S E P                  | --          | 853  |             |             |             |             |             |             |
| M A S P                  | 37,327      | 30,503   |             |             |             |             |             |             |
| F P D C                  | 41,217      | 68,827   |             |             |             |             |             |             |
| Contract Services        | 234,658     | 219,799  |             |             |             |             |             |             |
| Equipment Lease          | 44          | 368  |             |             |             |             |             |             |
| Excess ADP               | 275         | 170  |             |             |             |             |             |             |
| Capital Investment       | 13,906      | 12,567   |             |             |             |             |             |             |
|                          | <hr/>       | <hr/>  | <hr/>       | <hr/>       | <hr/>       | <hr/>       | <hr/>       | <hr/>       |
| TOTAL OBLIGATIONS        | 1,045,225   | 975,652  |             |             |             |             |             |             |

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Effective 10/1/88, the Electronic Services Program was abolished and its functions transferred to the Information Security Management and National Security Emergency Preparedness programs.

|                          | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Intercity Services       |             |             |             |             |             |             |             |             |
| Local Telecommunications |             |             |             |             |             |             |             |             |
| Info. Security Mgmt      |             |             |             |             |             |             |             |             |
| N S E P                  |             |             |             |             |             |             |             |             |
| M A S P                  |             |             |             |             |             |             |             |             |
| F P D C                  |             |             |             |             |             |             |             |             |
| Contract Services        |             |             |             |             |             |             |             |             |
| Equipment Lease          |             |             |             |             |             |             |             |             |
| Excess ADP               |             |             |             |             |             |             |             |             |
| Capital Investment       |             |             |             |             |             |             |             |             |
| TOTAL OBLIGATIONS        |             |             |             |             |             |             |             |             |

FINANCIAL ASPECTS OF THE PROGRAM  
\$(Thousands)

| <u>Fiscal</u><br><u>Year</u> | ----- <u>Operations</u> -----<br><u>Revenue</u> <u>Expense</u> | <u>Operating</u><br><u>Profit</u><br><u>Or Loss</u> | <u>Non-</u><br><u>Operating</u><br><u>Profit</u><br><u>Or Loss</u> | <u>Net</u><br><u>Profit</u><br><u>Or Loss</u> | <u>Approp.</u><br><u>Capital</u> | <u>Payment</u><br><u>to</u><br><u>Treasury</u> | <u>Outlays</u> |
|------------------------------|--|---|--|---|----------------------------------|--|----------------|
| 1987                         | 988,459      963,737   | 24,722  | - 1,172  | 23,550  | --                               | --   | - 76,526       |
| 1988                         | 992,875      916,740   | 76,135  | 4,671  | 80,806  | --                               | --   | - 133,628      |
| 1989                         |  |   |  |   |                                  |  |                |
| 1990                         |  |   |  |   |                                  |  |                |
| 1991                         |  |   |  |   |                                  |  |                |
| 1992                         |  |   |  |   |                                  |  |                |
| 1993                         |  |   |  |   |                                  |  |                |
| 1994                         |  |   |  |   |                                  |  |                |
| 1995                         |  |   |  |   |                                  |  |                |
| 1996                         |  |   |  |   |                                  |  |                |
| 1997                         |  |   |  |   |                                  |  |                |

EMPLOYMENT DATA

| <u>Fiscal</u><br><u>Year</u> | <u>Permanent</u><br><u>Positions</u> | <u>Average</u><br><u>Employment</u> |
|------------------------------|--------------------------------------|-------------------------------------|
| 1987                         | 1,692                                | 1,640                               |
| 1988                         | 1,605                                | 1,622                               |
| 1989                         |                                      |                                     |
| 1990                         |                                      |                                     |

1991

1992

1993

1994

1995

1996

1997